

These errors, being of comparatively rare occurrence, will be easily rectified by the Foreman of the works, and at a trifling delay and expense.

The material is being delivered along this section of the line, and a gang of about twenty-two men is engaged under Mr. Green, Foreman of the works, fixing the roofs, arms, and insulators, and stretching the wires in a southerly direction from the City of Dunedin, namely, towards Invercargill and the Bluff.

I doubt not but this gang will accomplish an average of two and a half miles of line per diem for all full working days.

*Dunedin to Waitaki.*—The next section of the work that presents itself is that situated between the City of Dunedin and the River Waitaki.

The posts on this section have also been erected under contracts entered into with the Otago Provincial Government; and this section, I am sorry to say, has caused me the greatest share of trouble, delay, and extra expense.

For the first nine miles out of Dunedin, I was compelled to order the displacement and transfer of nearly the whole of the poles; for they had been erected in the midst of bush which I must have cleared away at a great outlay, and were, moreover, so mixed up with the poles of the private line of telegraph to Port Chalmers as to render the working of either line a matter of utter impossibility.

But here, again, I must exonerate the contractor from any blame, as he was working under precisely the same conditions as alluded to above.

Under any circumstances, this was a most difficult—perhaps the most difficult—portion of the line to construct; and I am happy to report that, after the alterations noticed above, the line now presents a very satisfactory appearance.

On this section, a gang of twenty-two men is actively employed under Mr. Smith, Foreman of the works, working in a northerly direction, and about twenty-five miles of the double line is actually completed in a very creditable workmanlike manner.

I expect, by the end of the present month, Mr. Smith will have pushed his gang on as far as Oamaru, for his men are at present encamped at Waikouaiti. This gang, I doubt not, will complete an average of two and a half miles of double line on full working days. The wire, insulators, roofs and arms, for this section, are delivered at convenient points along the line, and contracts are let for further detailed distribution, as the works advance and materials are required.

*Waitaki and Timaru.*—We now come to that section of the line lying between the Waitaki and Timaru.

The posts for this portion of the line, were laid in the first instance in groups of ten posts, at equal distances along the line; but contracts have subsequently been let, for laying them at points recently marked out by the Telegraphic Surveyor.

These posts will be erected as the works progress, by men engaged under Mr. Smith.

The progress of this portion of the works, as well as those which will afterwards occupy our attention, will much depend on the course which will be ultimately adopted by your Government.

*Timaru to Christchurch.*—The section of line lying between Timaru and Christchurch next comes in order. The posts for this portion of the line are now for the most part laid along the line of route, and will be erected as soon as Mr. Smith's gang arrives at this portion of the work which will entirely depend on the number of men employed, and sanctioned by the Government.

The remaining sections lying between Christchurch and Nelson, have not received such immediate attention as the preceding Southern sections already reported upon. Suffice it to say, that the whole of the contracts have been let for the supply and delivery of the poles, and that the united gangs of Messrs. Smith and Green will be prepared to continue with this Northern portion of the trunk line, as soon as the Southern portions cease to occupy their time and attention.

This then will show you the actual state of the works, and will guide you in forming an opinion as to the future progress of the same, I will therefore, no further trespass on your time in this regard.

Having disposed of this portion of my report, and before advancing further, I must now offer a few remarks, on the subject of a letter you did me the honor to place in my hands, and which you had received from the Honorable the Colonial Treasurer. I cannot help but think, that under existing circumstances, the stoppage, or even relaxing of activity, in the prosecution of the works connected with this department, would be both highly impolitic and imprudent.

It would be impolitic inasmuch as heavy engagements have been entered into with Contractors, for works which are now in course of execution; large amounts of stores are in hand for which considerable sums of money have already been paid, and which if allowed to be idle, will become for the time totally unproductive.

The poles now erected, and lying on the ground ready for erection, will be deteriorating and decreasing in value, while a probable source of revenue will be closed to the Colonial Chest. It would be imprudent now at the eleventh hour, so to speak, so far to disappoint the general public, and more especially such an influential body as the commercial part of the community.

Telegraphic communication has long been the favourite theme of the Merchant's conversation, the subject of his speculations.

Promises have been held out that were speedily to be realized; and consequently, advantages have been calculated upon, which if now denied, will I fear, be productive of withering effects on commerce generally, and despondency amongst those classes, for whom everything should be done